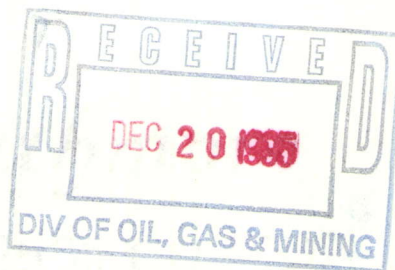


Kennecott Corporation
10 East South Temple
P.O. Box 11248
Salt Lake City, Utah 84147
(801) 322-7000

m/035/011



Kennecott

December 18, 1995

Mr. Wayne Hedberg
Utah Division of Oil, Gas & Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RE: Approvals for Letters of Credit (LOC)

Dear Wayne:

Thanks for your time on the phone Friday. I recall that we discussed two items. First, approval to replace the current First Security Bank LOC _____ (\$5,300,000 for Copperton Concentrator 4th Line Expansion) with a J. P. Morgan LOC of like form and amount. You felt that this would be acceptable, and proposed letting me know today if you learned otherwise.

The second item we discussed was whether an LOC from an approved bank would be acceptable, in lieu of a surety bond, on the tailings expansion project. You indicated that an LOC would be an acceptable substitute to a surety bond.

Would you kindly formalize these two verbal approvals in writing to my attention as soon as possible. We must notify First Security Bank within a few days if we do not intend to renew their LOC.

Thanks for your assistance, Wayne.

Very truly yours,

Scott D. Burton

SDB/vljm

cc: K. P. Done